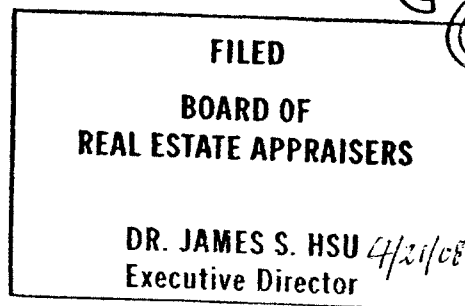


ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, New Jersey 07101

By: Susan Carboni
Deputy Attorney General
(973) 648-2894



STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
NEW JERSEY STATE BOARD
OF REAL ESTATE APPRAISERS

CERTIFIED TRUE COPY

IN THE MATTER OF THE SUSPENSION :
OR REVOCATION OF THE LICENSE OF :

KENNETH J. CARTER :
License #RA01094 :

TO ENGAGE IN REAL ESTATE :
APPRAISING IN THE STATE :
OF NEW JERSEY :

CONSENT ORDER

This matter was opened to the New Jersey State Board of Real Estate Appraisers ("the Board") in connection with the Board's receipt of information regarding two appraisal reports signed by respondent: the appraisal of 53 Dewey Street, Newark, New Jersey dated July 19, 2002 and of 123 Fabyan Place, Newark, dated July

9, 2002. Having reviewed these appraisal reports, the Board finds that respondent has acted in violation of the Uniform Standards of Professional Appraisal Practice ("the USPAP"), and finds violations of N.J.S.A. 45:1-21(b), (e), and (h) as specified below:

1. Respondent appraised 53 Dewey Street and reached a value conclusion of \$165,000, at a time when the property was listed for sale for 495,000; however respondent failed to indicate this in his report and failed to analyze the listing, as required by Standards Rule 1-5 of the USPAP. Pursuant to N.J.A.C. 13:40A-6.1, this constitutes a violation of N.J.S.A. 45:1-21(e).

2. Respondent included in both appraisal reports a list of renovations that he claimed he had observed to be completed on the dates of inspection; however, respondent utilized a trainee who inspected the interior and exterior of the subject properties and prepared the appraisal reports, the lists of renovations were identically worded, respondent had no interior photographs of the renovations in the reports or the work files, which is contrary to generally accepted appraisal practice, the entity alleged to have commissioned the renovations in 53 Dewey Street did not take title to the property until one day following the alleged date of inspection, and construction permit records did not reflect any of the renovations indicated on the lists as of the dates of valuation. The Board does not find it credible that HUD, the

owner of 53 Dewey Street, would have allowed renovations to be performed on a property by a buyer prior to title changing hands. The Board thus finds that respondent did not observe the repairs that he stated he observed in the course of his testimony before the Board, and therefore he engaged in misrepresentation in violation of N.J.S.A. 45:1-21(b).

3. Respondent did not select the comparable sales that were used in the appraisal of 53 Dewey Street, but was provided the comparable sales in the form of deeds faxed to him to use by an attorney whom he contacted at the behest of the mortgage broker, which sales were purportedly not recorded in the multiple listings; this method of selecting comparable sales for use in an appraisal report is not a credible method of selecting comparable sales and constitutes a violation of Standards Rule 1-1(a) of the USPAP.

4. Respondent's appraisal of 53 Dewey Street contained certain misrepresentations, i.e., it indicated that Greenfield Asset Holdings was the owner of record, when that entity did not take title to the property until the day following the date of the report; it indicated the subject property was owner-occupied when it was not occupied; it indicated that the source of the comparable sales was MLS/broker files and tax records, when the source of the sales was the attorney to whom the mortgage broker referred him; and it indicated there were no prior sales within

one year of the comparable sales, other than the sales upon which the market analysis was based, when there were prior sales of comparable sale #2 and #3 shortly prior to the sales cited in the appraisal report, at significantly less than the sales price cited. This is misleading within the intendment of the Conduct Provision of the Ethics Rule of the USPAP, a violation of N.J.S.A. 45:1-21(e) pursuant to N.J.A.C. 13:40A-6.2, as well as a violation of N.J.S.A. 45:1-21(b).

5. Respondent failed to directly supervise his trainee in connection with both reports, and particularly in connection with the appraisal of 123 Fabyan Place, where respondent indicated that he was unable to respond to questions about the manner in which the report had been prepared, because he had been "careless and neglectful" of his supervisory obligation. This constitutes a violation of N.J.A.C. 14:40A-4.6, subjecting respondent to sanctions pursuant to N.J.S.A. 45:1-21(e) and (h).

In order to resolve this matter without further proceedings, and without admissions, and the Board finding that the within Order is sufficiently protective of the public, and for other good cause shown,

IT IS ON THIS 21st DAY OF April, 2008,

HEREBY ORDERED AND AGREED THAT:

1. Respondent shall, within fifteen days of the filing of this Order, voluntarily surrender his appraisal license, with

such surrender to be deemed a revocation. The license shall be delivered to Dr. James S. Hsu, Executive Director, Board of Real Estate Appraisers, P.O. Box 45032, 124 Halsey Street, Third Floor, Newark, NJ 07102.

2. No application for reinstatement of license shall be entertained by the Board for a minimum of five years following the date of surrender.

3. A civil penalty in the amount of \$50,000 is hereby imposed upon respondent pursuant to N.J.S.A. 45:1-25. The entire amount of this penalty shall be stayed unless respondent applies for reinstatement of his appraiser license. In the event that respondent applies for reinstatement, the penalty shall be activated and the Board shall not entertain respondent's application unless he furnishes complete payment of the \$50,000.00 penalty. Payment shall be in the form of a certified check or money order, made payable to the State of New Jersey.

4. Respondent shall pay costs of investigation in the amount of \$485.00, which is payable contemporaneously with the signing of the Order. Payment shall be in the form of certified check, money order or attorney trust account check made payable to the State of New Jersey, and forwarded, along with this signed Order, to Dr. James S. Hsu at the address indicated in paragraph #1 above.

5. Upon any application for reinstatement of license,

respondent shall appear before the Board or a committee thereof, if requested, at which time the burden shall be on respondent to demonstrate fitness and competency to practice real estate appraising. Any reinstatement shall be upon the conditions and requirements deemed necessary by the Board in its discretion to protect the welfare and safety of the public.

NEW JERSEY STATE BOARD
OF REAL ESTATE APPRAISERS

Stephen P. Giocondo

By:

Stephen P. Giocondo
Board President

[Signature]
Kenneth A. Carter

Date:

4/14/08